



Department of Justice

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U.S. PHARMACEUTICAL GIANT AGREES TO PAY CRIMINAL FINES FOR PARTICIPATING IN TWO INTERNATIONAL FOOD ADDITIVES CONSPIRACIES

Pfizer Inc. Agrees to Pay Criminal Fines Totaling \$20 Million

WASHINGTON, D.C. -- New York City-based pharmaceutical giant, Pfizer Inc., has agreed to plead guilty and pay criminal fines totaling \$20 million for participating in two international price fixing conspiracies in the food additives industry, the Department of Justice announced today.

Pfizer--the fourth largest pharmaceutical company in the United States--is charged with participating in a conspiracy to raise and fix prices and allocate market shares in the U.S. for a food preservative called sodium erythorbate, and to allocate customers and territories for a flavoring agent called maltol.

In a two-count criminal case filed in U.S. District Court in San Francisco, the Department's Antitrust Division charged Pfizer with conspiring with an unnamed sodium erythorbate producer to fix prices and allocate market shares on sodium erythorbate sales in the United States from 1992 to 1994. The case also charged the corporation with conspiring with an unnamed maltol producer to allocate customers and territories for sales of maltol in the United States and elsewhere from 1989 until 1995.

Sodium erythorbate is a chemical food preservative used to protect the color and flavor of meat, vegetables, and processed foods. Maltol is a chemical food flavoring agent used primarily

in fruit and caramel-flavored candies and beverages. The two conspiracies affected more than \$65 million in United States commerce.

“The Department will continue to seek out and prosecute all international conspiracies that defraud American consumers and unfairly impede free and open competition in our markets,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division.

The case charges Pfizer with:

- participating in meetings and conversations to discuss the prices of sodium erythorbate to be sold in the U.S.;
- agreeing, during those meetings and conversations, to charge prices at certain levels and otherwise to increase and maintain prices of sodium erythorbate to be sold in the U.S.;
- agreeing, during those meetings and conversations, to allocate market shares of sodium erythorbate in the U.S.; and
- issuing price announcements and price quotations in accordance with the agreements reached.

The case also charges Pfizer with:

- participating in meetings and conversations to discuss the allocation of customers and territories for maltol to be sold in the U.S. and elsewhere; and
- agreeing, during those meetings and conversations, to allocate customers and territories for maltol to be sold in the U.S. and elsewhere.

“Today’s case confirms that even large, well-counseled companies need to be vigilant in preventing antitrust violations,” said Gary R. Spratling, the Antitrust Division’s Deputy Assistant Attorney General for criminal enforcement.

Pfizer is charged with violating Section One of the Sherman Act, which carries a maximum fine of \$10 million for corporations. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

With annual 1998 revenues of \$14 billion, Pfizer is the fourth largest pharmaceutical company in the U.S. and the sixth largest worldwide.

Today's charges are the result of an ongoing investigation conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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